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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

2 April 1953

SUBJECT: TERMS OF REFERENCE: NIE- : ISRAEL (Draft for
Board Consideration)

THE PROBLEM

To estimate the current situation and probable developments in Israel.

QUESTIONS BEARING ON THE PROBLEM

I. ISRAEL'S ECONOMIC PROSPECTS

1. What is Israel's present economic situation? What immediate economic problems confront Israel?
2. What basic problems does Israel face in its attempts to achieve greater economic stability? What are Israel's present and potential assets in land, other natural resources, and human skills? What is the importance and probable effect of such factors as Arab economic warfare, the German settlement, US public and private economic aid, Israel's present immigration and military policies, Israeli economic policies and practices?

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3. On the basis of the above, what are Israel's economic prospects and how is the individual likely to be affected? Is there any likelihood of a significant improvement in Israel's ability to support itself? What are the chances for a serious deterioration of the Israeli economic situation?

II. ISRAEL'S POLITICAL PROSPECTS

4. What are the strengths and weaknesses of the Israeli social and political structure? What are the factors making for political stability and to what extent are they undermined by such factors as the problem of integrating refugees and divisions over religious issues? What is the strength and potential appeal of the Communists, the right-wing extremists, or other subversive forces? What is the position of the military establishment in Israeli politics and society?

5. What is the present political situation in Israel and how is it likely to develop? What would be the probable political effects of a prolongation or intensification of present economic and external strains? Under what circumstances, if any, would problems of internal security and stability become acute?

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III. MILITARY CAPABILITIES

6. What is the size of the different branches of the armed forces? How are they equipped and trained? What is the Israeli military budget? What are the capabilities of the Israeli armed services?

7. What is the potential of the Israeli armed forces for expansion and development? How much time and how much money would be required to bring the Israeli armed forces to their maximum strength and efficiency?

IV. ISRAEL'S PRESENT FOREIGN POLICY

8. What basic attitudes and objectives are involved in Israeli foreign policy? What is the situation confronting Israel in its relations with the Arab states, the US and other Western powers, and the Soviet bloc?

9. What is the nature and degree of success of Israeli policies and practices vis-a-vis the Arab states? What is the over-all Israeli assessment of the situation? How has Israel handled the question of a peace settlement, including the related problems of the Arab refugees and Jerusalem? How has Israel acted with respect to the present de facto borders? What are Israel's military policies and to what extent does Israel utilize its military forces as an instrument of foreign policy?

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10. What is the nature and degree of success of Israeli policies and practices with respect to the US and other Western powers? How far has the Israeli Government gone toward aligning itself with the West?

11. What is the nature and degree of success of Israeli policies and practices with respect to the Soviet bloc?

V. PROBABLE DEVELOPMENTS IN ISRAELI FOREIGN RELATIONS

12. How are Israel's relations with the great powers likely to develop? What is the probable effect of Israel's current troubles with the USSR? How would Israel react to an invitation to join a Middle East defense organization? How would Israel react to increased US military and economic support for the Arab states, particularly if unaccompanied by greater assistance to Israel? How would Israel react to a sharp curtailment of US public aid? How would Israel react to imminent threat of a general war? How much bearing would internal political factors have on the development of Israel's attitudes?

13. What are the prospects for a regularization of Israel's relations with the Arab states? What is the probable extent of Israel's willingness to compromise, locally or

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generally, to secure such a regularization? To what extent would Israel be likely to respond to Western pressures for such compromises? What is the probable Arab reaction?

14. How great is the likelihood of a renewal of large-scale hostilities between Israel and the Arab states: (a) under present circumstances; and (b) if a program of Western military aid for the Middle East is put into effect? How would Israeli and Arab attitudes be affected by such a military aid program? To what extent could tension be reduced through a restatement of the Tripartite Declaration, limitations on supply of ammunition, or other Western precautionary moves?

VI. ISRAEL AND US STRATEGIC INTERESTS IN THE MIDDLE EAST

15. How has the existence of the state of Israel affected the attainment of US political and psychological objectives in the Middle East? How is the Israeli situation likely to affect future efforts to attain these objectives?

16. How does Israel affect Western ability to organize the defense of the Middle East against Soviet aggression? What is the present and potential military value of having Israeli territory, installations, and troops available for use in such a defense effort? What limitations are there on the availability and usefulness of these military assets?

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